

84733 DM

PREPARED BY AND RETURN  
RECORDED DEED TO:  
JAMES T. RUSSELL, ESQ.  
ALLISON, MacKENZIE, HARTMAN,  
SOUMBENIOTIS & RUSSELL, LTD.  
402 North Division Street  
Carson City, NV 89703  
APN: 1320-30-802-021

DEED OF TRUST

AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, made this 24<sup>th</sup> day of MAY, 2001,  
by and between NVBP THREE, LTD., a Nevada limited liability company, "Trustor," to WESTERN  
TITLE COMPANY, INC., a Nevada corporation, "Trustee," for IRWIN UNION BANK AND  
TRUST COMPANY, a Corporation, 1717 E. College Parkway, Carson City, Nevada, 89706,  
"Beneficiary,"

WITNESSETH:

That the Trustor does hereby grant, bargain, sell, transfer, assign and convey unto the  
Trustee in trust with power of sale all that certain real property together with any and all appurtenant  
rights situated in Douglas County, State of Nevada, more particularly described on Exhibit "A"  
attached hereto and incorporated herein by this reference.

AND ALSO, all the estate, interest, homestead and other claim, in law and in equity,  
which the Trustor now has or may hereafter acquire in and to said property.

TOGETHER with all and singular the tenements, hereditaments and appurtenances  
thereunto belonging or in any wise appertaining, and the reversion and reversions, remainder and  
remainders, rents, issues and profits thereof, subject, however, to the right, power and authority  
hereinafter given to and conferred upon the Beneficiary to collect and apply such rents, issues and  
profits; and also all the estate, right, title and interest, homestead or other claim or demand, as well  
in law as in equity, which the Trustor now has or hereafter may acquire of, in, and to the said

property, or any part thereof, with the appurtenances; and all of the water rights if any, whether surface or underground, certificated, adjudicated or decreed, together with all of means, methods, structure and devices for diversion to beneficial use of the appurtenant water rights.

TO HAVE AND TO HOLD the same unto the said Trustee and its successors, upon the trusts hereinafter expressed, for the purpose of securing the following:

FIRST: As security for the payment of an indebtedness in the sum of SIX MILLION AND NO/100 DOLLARS (\$6,000,000.00) in lawful money of the United States of America or such amount as may have been advanced to BRUCE INDUSTRIES, INC., a Nevada corporation and BEDFORD PROPERTIES MANAGEMENT COMPANY, LLC, a Nevada limited partnership, hereinafter ("Borrower"), and all renewals, extensions, amendments, substitutions or modifications thereof, with interest thereon in like lawful money and such other obligations with expenses and counsel fees according to the terms of and evidenced by the promissory notes executed and delivered by Trustor, to the Beneficiary, prior to the execution of this instrument or in conjunction therewith.

SECOND: Payment of such additional amounts as may be hereafter loaned by the Beneficiary or its successors, to the Trustor or Borrower, or any successor in interest of the Trustor or Borrower, with interest thereon and any other indebtedness or obligation of the Trustor or Borrower, and any present or future demands of any kind or nature which the Beneficiary, or its successor, may have against the Trustor or Borrower, whether created directly or acquired by assignment; whether absolute or contingent; whether due or not, or whether otherwise secured or not, or whether existing at the time of the execution of this instrument, or arising thereafter; also as security for the payment and performance of every obligation, covenant, promise or agreement herein or in any note or notes secured by this deed of trust, or in connection with the preservation of the property encumbered herein or the preservation or enforcement of the lien created hereby. Trustor grants to Beneficiary the right to record notice that this deed of trust is security for additional

amounts and obligations not specifically mentioned herein but which constitute indebtedness or obligations of the Trustor for which Beneficiary may claim this deed of trust as security.

**THIRD:** The expenses and costs incurred or paid by Beneficiary or Trustee in preservation or enforcement of the rights and remedies of Beneficiary and the duties and liabilities of Trustor hereunder, including, but not limited to, attorney's fees, court costs, witnesses' fees, expert witnesses' fees, collection costs, and costs and expenses paid by Beneficiary or Trustee in performing for Trustor's account any obligations of Trustor or to collect the rents or prevent waste or to preserve the priority and rights of Beneficiary's interests in a bankruptcy proceeding.

**AND THIS INDENTURE FURTHER WITNESSETH:**

1. **REPAIRS, MAINTENANCE, WASTE, LIENS AND ENCUMBRANCES:**

The Trustor promises to properly care for, maintain, and keep the said property in first class condition, order and repair; to properly care for, maintain, protect and to repair all buildings, improvements and fixtures damaged or destroyed thereon and to maintain and protect all water rights thereon; and to pay, when due, all claims for labor performed and for materials furnished therefor; to underpin and support, when necessary, any building or other improvement situate thereon, and otherwise to protect and preserve the same; to comply with all laws, ordinances and regulations with reference to any alterations or improvements made thereon; not to commit or permit any waste or deterioration of said property; to pay, when due, all taxes, assessments, penalties and levies affecting said property and any costs or penalties thereon; to pay when due, all leases, mortgages, deeds of trust, lien claims and other encumbrances which are or appear to be a lien or a charge upon the property, or any part thereof, either prior or subordinate to this deed of trust.

2. **INSURANCE:** Trustor covenants to keep all buildings and improvements that may now or at any time be on said property during the continuance of this trust insured by an all-risk policy of insurance, including but not limited to, coverage for loss by fire, for not less than the amount of the loan.

Trustor covenants to keep relative to the premises, including all buildings and improvements, that may now, or at any time be on said property during the continuance of this trust, public liability and property damage insurance.

All insurance policies provided pursuant to this paragraph shall be Beneficiary as a mortgagee and loss payee as its interest appears, shall be with a company or companies authorized to issue such insurance in the State of Nevada rated "A" or better in the "best's Ratings" book approved by Beneficiary and shall provide thirty (30) days written notice to Beneficiary prior to policy cancellation or modification.

3. DEFAULT: Trustor promises and agrees that upon the happening of any one of the following events, the Beneficiary, at its option, may declare all promissory notes, sums and obligations secured hereby immediately due and payable without demand or notice, irrespective of the maturity dates expressed therein, and Beneficiary or Trustee may record a notice of such breach or default and elect to cause said property to be sold to satisfy the indebtedness and obligations secured hereby:

(a) If default be made in the payment when due of any installment of principal or interest, or any obligation in accordance with the terms of any note secured hereby, or in the performance of any of the covenants, promises or agreements contained in this Deed of Trust and Assignment of Rents; or

(b) If default be made in the payment of any installment of principal or interest, or obligation, in accordance with the terms of any note or notes secured by a deed of trust, if any, which are subordinate to or which have priority over this Deed of Trust and Assignment of Rents securing this note, or in the performance of any of the covenants, promises or agreements contained in any such subordinate or prior deed of trust; or

(c) If the Trustor becomes insolvent or makes a general assignment for the benefit of creditors, or consents to or applies for the appointment of a trustee or receiver for the property encumbered hereby, or any part thereof; or

(d) If a trustee or receiver is appointed for said property or any part thereof; or

(e) IN THE EVENT THE REAL PROPERTY, ENCUMBERED BY THIS DEED OF TRUST AND ASSIGNMENT OF RENTS, OR ANY PART THEREOF, OR ANY INTEREST THEREIN, IS SOLD, AGREED TO BE SOLD BY CONTRACT OF SALE OR OTHERWISE CONVEYED OR ALIENATED BY THE TRUSTOR, OR UPON THE MAKER OR TRUSTOR ENTERING INTO A CONSTRUCTION LOAN OR ANY OTHER ENCUMBRANCE; OR

(f) IF THE TRUSTOR SHALL BE DIVESTED OF TITLE TO SAID REAL PROPERTY SECURING THIS OBLIGATION OR ANY PART THEREOF, IN ANY MANNER OR WAY, WHETHER VOLUNTARILY OR INVOLUNTARILY, OR BY THE OPERATION OF LAW OR OTHERWISE; OR

(g) IN THE EVENT THE REAL PROPERTY SECURING THIS OBLIGATION OR ANY PART THEREOF, OR ANY INTEREST THEREIN IS, IN ANY WAY, ENCUMBERED, MORTGAGED, PLEDGED, OR ASSIGNED AS SECURITY, COLLATERAL, OR OTHERWISE; OR

If a proceeding be either voluntarily or involuntarily instituted for reorganization of Trustor or for any other debtor relief provided for by the Bankruptcy Code whether filed by or against Trustor, the obligations under this note are automatically accelerated without further action by Beneficiary or Trustee.

4. INSPECTION OF PROPERTY: The Beneficiary or its collection agent shall have access to and the right to inspect said property at all reasonable times.

5. EMINENT DOMAIN: If the above-described property, or any portion thereof, be condemned under any power of eminent domain or acquired for any public use or quasi-public use, the damages, proceeds and consideration for such acquisition to the extent of the full amount of indebtedness secured hereby remaining unpaid, are hereby irrevocably assigned by Trustor to

Beneficiary, and shall be paid forthwith to Beneficiary, to be applied on account of the last maturing installments of such indebtedness. Such payment will not constitute a prepayment under the terms of the prepayment charge provisions of the promissory note secured hereby.

6. COMPLIANCE WITH LAW: Without limiting any other provision contained herein relating to the same or similar matters as hereinafter set forth, Trustor covenants and agrees to observe and comply with all applicable federal, state, and local statutes, ordinances, regulations, orders, and restrictions.

7. ASSIGNMENT OF RENTS: As a portion of the security hereunder, Trustor hereby assigns and gives to and confers upon the Trustee and Beneficiary the right, title and interest and, during the continuance of these trusts, to collect the rents, issues and profits of the property encumbered by this deed of trust, with or without taking possession of the property affected hereby, and further assigns to Beneficiary all right, title and interest in and to any and all leases now or hereafter on or affecting the encumbered property, reserving unto the Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby, or in the performance of any agreement hereunder, to collect and retain such rents, issues and profits as they may accrue and become payable. The foregoing assignment of any lease shall not be deemed to impose upon the Trustee and Beneficiary any of the obligations or duties of Trustor provided in any such lease, and Trustor agrees to fully perform all obligations of the lessor under all such leases.

The Trustee or Beneficiary may enter the encumbered property and inspect the same at any time during the existence of the trust hereby created, and in case default be made in the payment of any sum secured hereby, or in the performance of any act the performance of which is secured hereby, the Trustee or Beneficiary shall be entitled at any time, at its option either by itself, by an agent, or a Receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, to enter upon and take possession of the encumbered property, or any part thereof, and to do and perform such acts of repair, cultivation, protection or irrigation as may be necessary or proper to conserve the value thereof; to rent or lease the same or

any part thereof for such rental, term and upon such conditions as its judgement may dictate, and to collect and receive the rents, issues and profits thereof; (which rents, issues, and profits, present and future, are hereby assigned to the Beneficiary as further security, but which assignment Trustee or Beneficiary agrees not to enforce so long as Trustor is not in default in payment of any sum or performance of any act to be made or performed hereunder), and to apply such rents, issues, and profits, to the reduction or satisfaction of any obligation secured by this deed of trust, and also to do any other act or acts, as it may deem necessary or proper, in the use, management or operation of the said premises, or to protect or conserve the value thereof, the specific enumerations herein not excluding the general. In the event that the Trustee or Beneficiary shall exercise the option granted in this paragraph the Trustor agrees to surrender to the Beneficiary peaceable possession of said property, and not to interfere in any manner with the exercise of the rights granted herein; and the expenses therein incurred, including compensation to said Beneficiary, its designated agent or Receiver, for attorney's fees, costs and related expenditures, shall be deemed to be a portion of the expense of this trust, and secured hereby. Trustor also assigns to Beneficiary, as a portion of the security for the performance of the obligations secured hereby, all prepaid rents and all monies which have been or may hereafter be deposited with said Trustor by any lessee of the property encumbered by this deed of trust, to secure the payment of any rent, and upon default in the performance of any of the provisions hereof Trustor agrees to deliver said rents and deposits to the Trustee.

Trustor shall not, without Beneficiary's prior written consent, further assign the rents, issues and profits from the encumbered property, nor enter into any agreement or do any act to amend, modify, extend, terminate or cancel, accept the surrender, subordinate, accelerate the payment of rent, or change the terms of any renewal option of any lease now or hereafter affecting such property or any portion thereof.

8. EXERCISE OF POWERS AND REMEDIES: Each and every power or remedy herein specifically given shall be in addition to every other power or remedy, existing or implied, now or hereafter given or existing in law or in equity, and each and every power and remedy

herein specifically given or otherwise so existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by Beneficiary or the holder of the Promissory Note and the exercise or the beginning of the exercise of one power or remedy shall not be deemed a waiver of the right to exercise at the same time or thereafter any power or remedy. No delay or omission of the Beneficiary in the exercise of any right or power accruing hereunder shall impair any such right or power or be construed to be a waiver of any default or acquiescence therein.

9. SEVERABILITY: The unenforceability or invalidity of any provision or provisions of this deed of trust as to any persons or circumstances shall not render that provision or those provisions unenforceable or invalid as to any other persons or circumstances, and all provisions hereof, in all other respects, shall remain valid and enforceable.

10. SUCCESSORS AND ASSIGNS: The benefits of the covenants, terms, conditions, and agreements contained herein shall accrue to, and the obligations thereof shall bind the heirs, representatives, successors, and assigns of the parties hereto and the Beneficiary hereof. However, nothing in the foregoing shall be implied to mean that Beneficiary has or will consent in any fashion to an assignment or delegation of the duties hereunder. Whenever used, the singular number shall include the plural, the plural the singular and the use of any gender shall include all other genders, and the term "Beneficiary" shall include any holder of the indebtedness hereby secured or any transferee thereof whether by operation of law or otherwise.

11. NOTICES: Any notice or demand to be given or required by the terms of this deed of trust shall be given to the Trustor and Beneficiary by certified or registered mail at the following addresses:

Holder:

IRWIN UNION BANK AND TRUST COMPANY  
Carson City  
1717 E. College Parkway  
Carson City, NV 89706

Trustor:

THOMAS B. BRUCE  
P.O. Box 1700  
Dayton, NV 89703-1700



12. N.R.S. COVENANTS: The following covenants, Nos. 1, 3, 4 (interest 10%), 5, 6, 7 (counsel fees shall be in an amount equal to the actual and reasonable attorney's fees incurred by Trustee and Beneficiary), 8 and 9 of NRS 107.030, when not inconsistent with covenants and provisions contained herein, are hereby adopted and made a part of this deed of trust.

13. ENVIRONMENTAL INDEMNITY.

Trustor agrees to indemnify, protect, defend and save harmless Beneficiary and its directors, trustees, officers, employees, agents, attorneys and shareholders (individually, an "Indemnified Party" and collectively, the "Indemnified Parties") from and against any and all losses, damages, expenses or liabilities, of any kind or nature from any investigations, suits, claims, demands or other proceedings, including reasonable counsel fees incurred in investigating or defending such claim, suffered by any of them and caused by, relating to, arising out of, resulting from or any way connected with: (a) the presence in, on or under the Property of any Hazardous Materials, or any releases or discharges of any Hazardous Materials on, under or from the Property; or (b) any violation of Hazardous Materials Laws (as defined in the Hazardous Substance Certificate and Indemnity Agreement), or any activity carried on or undertaken on or off the Property whether prior to or during the term of the loans by Beneficiary to Borrower, and whether by either, or both, Trustor or Borrower or any predecessor in title or any employees, agents, contractors or subcontractors of either, or both, or any third persons at any time occupying or present on the Property, in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Materials at any time located or present on or under the Property. The foregoing indemnity shall further apply to any residual contamination on or under the Property, or affecting any natural resources, and to any contamination of any property or natural resources, arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances. It is provided, however, that Trustor shall not be obligated to indemnify, protect, defend or save harmless an

Indemnified Party if, and to the extent that, any such loss, damage, expense or liability was caused by: (i) the gross negligence or intentional misconduct of such Indemnified Party; or (ii) the breach of this Deed of Trust by such Indemnified Party or the breach of any laws, rules or regulations by an Indemnified Party (other than those breaches of laws arising from either, or both, of Trustors' default). Trustor hereby acknowledges and agrees that, notwithstanding any other provision of this Deed of Trust to the contrary, the obligations of Trustor hereunder shall be unlimited personal obligations of Trustor and shall survive any foreclosure under this Deed of Trust, any transfer in lieu thereof, any reconveyance of this Deed of Trust and any satisfaction of the obligations of Trustors, or either of them, in connection with the loans.

14. SUBSTITUTION OF COLLATERAL.

Trustor/Borrower will not sell, exchange, substitute, or otherwise dispose of the real property, and will allow no other Deeds of Trust, liens, or security interest to attach to the real property without the prior written consent of the Beneficiary/Lender. Beneficiary/Lender will allow Trustor/Borrower to sell, exchange, substitute, or dispose of the real property provided that collateral with an appraised equal or greater value, owned by Trustor, Borrower, or a Guarantor, which is free of any encumbrances of any nature, lien, or security interest, is provided in substitution therefore as security to Beneficiary. For purposes of this section, value of any real property shall be that stated in Exhibit "B" attached hereto or as amended. Upon substitution of collateral as provided in this section, Beneficiary/Lender will release the real property from the encumbrance of the Deed of Trust and will execute all necessary documents in furtherance thereof.

15. PARTIAL RELEASE.

Beneficiary agrees to release the Exhibit "A" real property prior to satisfaction of the indebtedness evidenced by the Promissory Notes secured hereby and execute all necessary documents provided that Borrower maintain real property collateral with Beneficiary equal to the value of the total indebtedness whereby the loan to appraised value ratio does not exceed fifty



# EXHIBIT A

## DESCRIPTION

All that certain lot, piece or parcel of land situate in the County of Douglas, State of Nevada, described as follows:

All that certain real property situated in the Southeast 1/4 of Section 30, Township 13 North, Range 20 East, M.D.B. &M., Douglas County, Nevada, described as follows:

Parcel 3, as set forth on Parcel Map for BANK BUILDING, INC., filed for record in the office of the County Recorder, Douglas County, State of Nevada on November 25, 1991, in Book 1191, Page 4010, as Document No. 265804.

COPY

0515343

2232MTO  
BK0501 PG8799

# LYON COUNTY PARCELS

**BEDFORD INVESTMENTS. LLC**

**EXHIBIT "B" # 1**

DAYTON VALLEY ROAD	Parcel #	ZONING			TOTAL	APPRAISED
		NR-2	C1	C-2	ACRES	VALUES
NO DVR/ WEST QUILICI	16-271-19**	6.64	1.29		7.93	490,000
NO DVR/ RIVER PARCEL	16-271-20	6.65	8.75		15.40	953,000
MIDDLE DVR STRIP	16-271-22		9.4		9.40	582,000
MID OF EAST END OF DV	16-271-23		0.7		0.70	43,000
BREAKWATER CORNER	16-271-24		1.3		1.30	80,000
NEXT TO IRON MAN	16-271-25		0.6		0.60	37,000
SO DVR/ COMO RD	16-271-16			0.85	0.85	53,000
DAYTON VALLEY ROAD	TOTALS	13.29	22.04	0.85	36.18	2,238,000

\*\* EXCLUDES 2.77 A/C OF LIFT - TO COUNTY

## EVANS AVENUE PARCELS

		ZONED	ACRES	
WEST PARCEL	16-364-26	ME	10.717	698,300
EAST PARCEL	16-364-27	ME	13.838	901,700
		INDUSTRIAL ESTATES		
EVANS AVE	TOTALS		24.555	1,600,000

## DOUGLAS COUNTY PARCELS

### MTEB, LLC

		ZONING	ACRES	
REDWINE PROPERTY	320-802-022	NC	2.4	625,000
		NEIGHBORHOOD COM		

### NVBP THREE, LTD.

		ZONING	ACRES	
B OF A PROPERTY	320-802-021	NC	2.016	525,000
		NEIGHBORHOOD COM		

### NEVADA NORTHWEST, LLC

		ZONING	ACRES	
GILBERT BUILDING	20-30-702-008	COMM	0.9	875,000

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COPY

REQUESTED BY  
**WESTERN TITLE COMPANY, INC.**  
IN OFFICIAL RECORDS OF  
DOUGLAS CO. NEVADA

2001 MAY 29 PM 4: 17

LINDA SLATER  
RECORDER

\$20<sup>00</sup> PAID *ka* DEPUTY

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